

of a type deemed to be not reportable by these regulations.

(xxxvi) U.S. exporter A, in shipping goods to boycotting country Y, receives a request from the customer in Y to furnish a certificate from the insurance company indicating that the company has a duly authorized representative in country Y and giving the name of that representative.

The request A received from his customer in Y is not reportable if it was received after the effective date of these rules, because it is a request of a type deemed to be not reportable by these regulations.

[61 FR 12862, Mar. 25, 1996, as amended at 65 FR 34948, June 1, 2000]

SUPPLEMENT NO. 1 TO PART 760— INTERPRETATIONS

It has come to the Department's attention that some U.S. persons are being or may be asked to comply with new boycotting country requirements with respect to shipping and insurance certifications and certificates of origin. It has also come to the Department's attention that some U.S. persons are being or may be asked to agree to new contractual provisions in connection with certain foreign government or foreign government agency contracts. In order to maximize its guidance with respect to section 8 of the Export Administration Act of 1979, as amended (50 U.S.C. app. 2407) and part 760 of the EAR, the Department hereby sets forth its views on these certifications and contractual clauses.¹

I. CERTIFICATIONS

§ 760.2(d) of this part prohibits a U.S. person from furnishing or knowingly agreeing to furnish:

"Information concerning his or any other person's past, present or proposed business relationships:

- (i) With or in a boycotted country;
- (ii) With any business concern organized under the laws of a boycotted country;
- (iii) With any national or resident of a boycotted country; or
- (iv) With any other person who is known or believed to be restricted from having any business relationship with or in a boycotting country."

This prohibition, like all others under part 760, applies only with respect to a U.S. person's activities in the interstate or foreign

commerce of the United States and only when such activities are undertaken with intent to comply with, further, or support an unsanctioned foreign boycott. (§ 760.2(d)(5) of this part.)

This prohibition does not apply to the furnishing of normal business information in a commercial context. (§ 760.2(d)(3) of this part). Normal business information furnished in a commercial context does not cease to be such simply because the party soliciting the information may be a boycotting country or a national or resident thereof. If the information is of a type which is generally sought for a legitimate business purpose (such as determining financial fitness, technical competence, or professional experience), the information may be furnished even if the information could be used, or without the knowledge of the person supplying the information is intended to be used, for boycott purposes. (§ 760.2(d)(4) of this part).

The new certification requirements and the Department's interpretation of the applicability of part 760 thereto are as follows:

A. *Certificate of origin.* A certificate of origin is to be issued by the supplier or exporting company and authenticated by the exporting country, attesting that the goods exported to the boycotting country are of purely indigenous origin, and stating the name of the factory or the manufacturing company. To the extent that the goods as described on the certificate of origin are not solely and exclusively products of their country of origin indicated thereon, a declaration must be appended to the certificate of origin giving the name of the supplier/manufacturer and declaring:

"The undersigned, _____, does hereby declare on behalf of the above-named supplier/manufacturer, that certain parts or components of the goods described in the attached certificate of origin are the products of such country or countries, other than the country named therein as specifically indicated hereunder:

Country of Origin and Percentage of Value of Parts or Components Relative to Total Shipment

1. _____
2. _____
3. _____

Dated: _____
Signature _____

Sworn to before me, this _____ day of _____, 19____. Notary Seal."

INTERPRETATION

It is the Department's position that furnishing a positive certificate of origin, such as the one set out above, falls within the exception contained in § 760.3(c) of this part for compliance with the import and shipping document requirements of a boycotting

¹The Department originally issued this interpretation pursuant to the Export Administration Amendments Act of 1979 (Public Law 95-52) and the regulations on restrictive trade practices and boycotts (15 CFR part 369) published on January 25, 1978 (43 FR 3508) and contained in the 15 CFR edition revised as of January 1, 1979.

country. See § 760.3(c) of this part and examples (i) and (ii) thereunder.

B. *Shipping certificate.* A certificate must be appended to the bill of lading stating: (1) Name of vessel; (2) Nationality of vessel; and (3) Owner of vessel, and declaring:

“The undersigned does hereby declare on behalf of the owner, master, or agent of the above-named vessel that said vessel is not registered in the boycotted country or owned by nationals or residents of the boycotted country and will not call at or pass through any boycotted country port enroute to its boycotting country destination.

“The undersigned further declares that said vessel is otherwise eligible to enter into the ports of the boycotting country in conformity with its laws and regulations.

Sworn to before me, this _____ day of _____, 19 _____. Notary Seal.”

INTERPRETATION

It is the Department's position that furnishing a certificate, such as the one set out above, stating: (1) The name of the vessel, (2) The nationality of the vessel, and (3) The owner of the vessel and further declaring that the vessel: (a) Is not registered in a boycotted country, (b) Is not owned by nationals or residents of a boycotted country, and (c) Will not call at or pass through a boycotted country port enroute to its destination in a boycotting country falls within the exception contained in § 760.3(c) for compliance with the import and shipping document requirements of a boycotting country. See § 760.3(c) and examples (vii), (viii), and (ix) thereunder.

It is also the Department's position that the owner, charterer, or master of a vessel may certify that the vessel is “eligible” or “otherwise eligible” to enter into the ports of a boycotting country in conformity with its laws and regulations. Furnishing such a statement pertaining to one's own eligibility offends no prohibition under this part 760. See § 760.2(f), example (xiv).

On the other hand, where a boycott is in force, a declaration that a vessel is “eligible” or “otherwise eligible” to enter the ports of the boycotting country necessarily conveys the information that the vessel is not blacklisted or otherwise restricted from having a business relationship with the boycotting country. See § 760.3(c) examples (vi), (xi), and (xii). Where a person other than the vessel's owner, charterer, or master furnishes such a statement, that is tantamount to his furnishing a statement that he is not doing business with a blacklisted person or is doing business only with non-blacklisted persons. Therefore, it is the Department's position that furnishing such a certification (which does not reflect customary international commercial practice) by anyone other than the owner, charterer, or master of a vessel would fall within the prohibition set

forth in § 760.2(d) unless it is clear from all the facts and circumstances that the certification is not required for a boycott reason. See § 760.2(d)(3) and (4). See also part A., “Permissible Furnishing of Information,” of Supplement No. 5 to this part.

C. *Insurance certificate.* A certificate must be appended to the insurance policy stating: (1) Name of insurance company; (2) Address of its principal office; and (3) Country of its incorporation, and declaring:

“The undersigned, _____, does hereby certify on behalf of the above-named insurance company that the said company has a duly qualified and appointed agent or representative in the boycotting country whose name and address appear below:

Name of agent/representative and address in the boycotting country.

Sworn to before me this _____ day of _____, 19 _____. Notary Seal.”

INTERPRETATION

It is the Department's position that furnishing the name of the insurance company falls within the exception contained in § 760.3(c) for compliance with the import and shipping document requirements of a boycotting country. See § 760.3(c)(1)(v) and examples (v) and (x) thereunder. In addition, it is the Department's position that furnishing a certificate, such as the one set out above, stating the address of the insurance company's principal office and its country of incorporation offends no prohibition under this part 760 unless the U.S. person furnishing the certificate knows or has reason to know that the information is sought for the purpose of determining that the insurance company is neither headquartered nor incorporated in a boycotted country. See § 760.2(d)(1)(i).

It is also the Department's position that the insurer, himself, may certify that he has a duly qualified and appointed agent or representative in the boycotting country and may furnish the name and address of his agent or representative. Furnishing such a statement pertaining to one's own status offends no prohibition under this part 760. See § 760.2(f), example (xiv).

On the other hand, where a boycott is in force, a declaration that an insurer “has a duly qualified and appointed agent or representative” in the boycotting country necessarily conveys the information that the insurer is not blacklisted or otherwise restricted from having a business relationship with the boycotting country. See § 760.3(c), example (v). Therefore, it is the Department's position that furnishing such a certification by anyone other than the insurer would fall within the prohibition set forth in § 760.2(d) unless it is clear from all the facts and circumstances that the certification is not required for a boycott reason. See § 760.2(d)(3) and (4).

II. CONTRACTUAL CLAUSES

The new contractual requirements and the Department's interpretation of the applicability of part 760 thereto are as follows:

A. *Contractual clause regarding import laws of boycotting country.* "In connection with the performance of this contract the Contractor/Supplier acknowledges that the import and customs laws and regulations of the boycotting country shall apply to the furnishing and shipment of any products or components thereof to the boycotting country. The Contractor/Supplier specifically acknowledges that the aforementioned import and customs laws and regulations of the boycotting country prohibit, among other things, the importation into the boycotting country of products or components thereof: (1) Originating in the boycotted country; (2) Manufactured, produced, or furnished by companies organized under the laws of the boycotted country; and (3) Manufactured, produced, or furnished by nationals or residents of the boycotted country."

INTERPRETATION

It is the Department's position that an agreement, such as the one set out in the first sentence above, that the import and customs requirements of a boycotting country shall apply to the performance of a contract does not, in and of itself, offend any prohibition under this part 760. See § 760.2(a)(5) and example (iii) under "Examples of Agreements To Refuse To Do Business." It is also the Department's position that an agreement to comply generally with the import and customs requirements of a boycotting country does not, in and of itself, offend any prohibition under this part 760. See § 760.2(a)(5) and examples (iv) and (v) under "Examples of Agreements To Refuse To Do Business." In addition, it is the Department's position that an agreement, such as the one set out in the second sentence above, to comply with the boycotting country's import and customs requirements prohibiting the importation of products or components: (1) Originating in the boycotted country; (2) Manufactured, produced, or furnished by companies organized under the laws of the boycotted country; or (3) Manufactured, produced, or furnished by nationals or residents of the boycotted country falls within the exception contained in § 760.3(a) for compliance with the import requirements of a boycotting country. See § 760.3(a) and example (ii) thereunder.

The Department notes that a United States person may not furnish a negative certification regarding the origin of goods or their components even though the certification is furnished in response to the import and shipping document requirements of the boycotting country. See § 760.3(c) and exam-

ples (i) and (ii) thereunder, and § 760.3(a) and example (ii) thereunder.

B. *Contractual clause regarding unilateral and specific selection.* "The Government of the boycotting country (or the First Party), in its exclusive power, reserves its right to make the final unilateral and specific selection of any proposed carriers, insurers, suppliers of services to be performed within the boycotting country, or of specific goods to be furnished in accordance with the terms and conditions of this contract."

INTERPRETATION

It is the Department's position that an agreement, such as the one set out above, falls within the exception contained in § 760.3(d) of this part for compliance with unilateral selections. However, the Department notes that whether a U.S. person may subsequently comply or agree to comply with any particular selection depends upon whether that selection meets all the requirements contained in § 760.3(d) of this part for compliance with unilateral selections. For example, the particular selection must be unilateral and specific, particular goods must be specifically identifiable as to their source or origin at the time of their entry into the boycotting country, and all other requirements contained in § 760.3(d) of this part must be observed.

[61 FR 12862, Mar. 25, 1996, as amended at 65 FR 34948, June 1, 2000]

SUPPLEMENT NO. 2 TO PART 760—
INTERPRETATION

The Department hereby sets forth its views on whether the furnishing of certain shipping and insurance certificates in compliance with boycotting country requirements violates the provisions of section 8 of the Export Administration Act of 1979, as amended (50 U.S.C. app. 2407) and part 760 of the EAR,¹ as follows:

(i) "The owner, charterer or master of a vessel may certify that the vessel is 'eligible' or 'otherwise eligible' to enter into the ports of a boycotting country in conformity with its laws and regulations;"

(ii) "The insurer, himself, may certify that he has a duly qualified and appointed agent or representative in the boycotting country and may furnish the name and address of his agent or representative."

¹The Department originally issued this interpretation on April 21, 1978 (43 FR 16969) pursuant to the Export Administration Amendments Act of 1977 (Public Law 95-52) and the regulations on restrictive trade practices and boycotts (15 CFR part 369) published on January 25, 1978 (43 FR 3508) and contained in the 15 CFR edition revised as of January 1, 1979.